

SOUTH DAKOTA STATE RAILROAD BOARD MEETING

February 17, 2016 @ 11:00 AM

DOT Building – Commission/Boardroom

Pierre, South Dakota

MEMBERS: Todd Yeaton, Chair
Carl Anderson via phone
Jeff Burket
Jerry Cope
Sheldon Cotton
Gary Doering
Harlan Quenzer

OTHERS: Jack Parliament

PHONE: Alex Huff

STAFF: Bruce Lindholm, Misty Siedschlaw, Bill Nevin, Bonnie Olson, Lynn Kennison, and Tessa Wenner

Agenda Items:

Call to order

- 1) Approve the minutes of meeting on January 20, 2016
- 2) Consideration of RCP&E TIGER grant funding
- 3) Consideration of State owned rail line maintenance plans
- 4) Update on MRC line project

Chair Yeaton called the regular meeting of the South Dakota State Railroad Board (the "Board") to order at 11:00 AM with a quorum present.

- 1) Motion by Quenzer, second by Burket, to approve the January 20, 2016, Railroad Board meeting minutes. Motion carried by roll call vote (all aye).

Bruce Lindholm, Office of Air, Rail, and Transit

- 2) Consideration of RCP&E TIGER grant funding

Lindholm summarized the Transportation Investment Generating Economic Recovery (TIGER) grant for the Rapid City, Pierre & Eastern, Inc. (RCP&E) project. The \$12.4 million project will be funded with a \$6 million TIGER Grant, \$4.4 million of RCP&E funds, and \$2 million in Future Funds from the Governor's Office of Economic Development (GOED). RCP&E plans to purchase rail prior to the

issuance of the TIGER grant in order to avoid a potential increase in rail prices. The TIGER grant will likely not be available until Fall 2016.

There will be three agreements needed for this project:

- 1) An agreement between the South Dakota Department of Transportation (the "Department") and GOED;
- 2) An agreement between the Department and RCP&E; and,
- 3) An agreement between the Department and United States Department of Transportation (USDOT) for the TIGER grant funding.

Motion by Cotton, second by Cope, to authorize the Department to enter into funding agreements with GOED and RCP&E for their portions of the TIGER grant project, and to authorize the Department to enter into a grant agreement with USDOT for the TIGER grant funding.

Motion carried by roll call vote (all aye).

3) Consideration of State owned rail line maintenance plans

Lindholm provided information regarding the state owned rail line maintenance plans. This information included the proposed 2015 plans, results of 2015 plans, and proposed 2016 maintenance plans. Plans and results were submitted by: D & I Railroad Co., for the rail line between Canton and Elk Point and between Hawarden and Beresford; MRC Regional Railroad Authority for the Mitchell to Rapid City rail line; Dakota Southern Railway Company for the Mitchell to Rapid City rail line, and the Napa to Platte rail line; Rapid City, Pierre & Eastern, Inc., for the Yale rail line; and Dakota, Missouri Valley & Western Railroad, Inc., for the Britton line.

The Board discussed the progress and outlook of future maintenance plans among the separate state owned lines. The Board discussed having two or three Board members assigned to each line to oversee the state's assets as casual observers and fact gatherers, along with Department personnel, and to report back to the Board the overall condition of the line and any maintenance items they observed that may need to be addressed. The Board also asked Department staff to communicate to the railroads that they would like to see future maintenance plans in an easier to read format similar to the one received from D & I Railroad Co.

4) Update on the MRC project

Lindholm updated the Board on the status of the MRC project.

The meeting was adjourned at 12:50 PM upon a motion for adjournment by Anderson, second by Cotton.

Next meeting is scheduled for March 16, 2016, at 11:00 AM.